

# Janus Henderson Global Financials Fund

Q2 2020

For promotional purposes

## Fund Manager Name

John Jordan

## Macro backdrop

Equity markets rose significantly in the quarter, following a sharp sell-off in March, as new COVID-19 cases began to decline in some countries. Global economic activity has rebounded from very depressed levels, as many countries exited lockdown and consumer spending began to recover. Many governments responded to the crisis with significant fiscal stimulus, which has helped support consumer income levels. Similarly, central banks were very active in the quarter, deploying both conventional and unconventional measures, with significant increases in their balance sheet size, particularly in the United States. Interest rates in major markets globally have generally remained at low levels, while credit spreads tightened during the quarter.

While the impact of COVID-19 is significant around the globe, different countries are presently at quite different levels and trajectories of cases. For example, case counts remain elevated in several North and South American countries, including the US and Brazil. On the other hand, many countries in the Asia-Pacific region have achieved significant success in reducing case counts. However, the risk of a second wave remains for most countries. There have been early signs of progress on potential vaccines, but considerable uncertainty remains about their timing and ultimate efficacy.

## Fund performance and activity

The fund returned 13.7% (I share class, net of fees, midday priced) versus the FTSE All World Financials Index, which returned 14.1% (gross of withholding tax, end of day priced). Over the trailing 12 months, the fund fell 0.4% (I share class) versus the FTSE All World Financials Index which fell 11.2%. In the US, Apollo Global Management, a leading alternative asset manager, was a significant positive contributor as it benefited from continued growth in its key investment platforms and a rebound in credit and equity markets. S&P Global was also a positive contributor, as its ratings business benefited from record levels of debt issuance and its other businesses, such as indexing, expanded. In addition, MasterCard was a positive contributor due to the further acceleration of transactions away from cash to digital/card. Finally, Focus Financial, a leading wealth management advisory firm in the US, was a positive contributor as markets rebounded. The international portion of the fund benefited from its position in Sony Financial Holdings, which was the subject of a takeover tender offer from Sony Corp. Nexi, a leading payments processor, was another contributor, as transaction activity in Italy rebounded. In addition, Adyen was also a positive contributor, as its leading position in facilitating online payment transactions allowed it to benefit from consumer's increasing use of ecommerce.

## Outlook/strategy

Despite the still high level of uncertainty about the outlook for COVID-19 and its impact on the global economy, we remain positive on the investment opportunities in global financial services. Over the last quarter, market dislocations have given us the opportunity to add new positions or increase existing positions at what we saw as attractive prices. We continue to concentrate our holdings in high quality business models that we believe have significant medium and longer-term growth potential. While COVID-19 will leave a lasting impact on people, businesses and economies, we believe that many of the secular growth themes we have been investing in will continue to generate opportunities, and the crisis has potentially accelerated some of these trends. For example, the current crisis has increased the percentage of transactions using ecommerce and digital/card payments, which could benefit a number of our holdings. Similarly, we think increasing digital interactions with financial services customers could increasingly benefit both firms with strong digital capabilities and firms that provide digital services and technology to the financial and payments industries. In addition to secular growth opportunities, we believe the financial services sector also offers considerable opportunity for cyclical growth, and we are finding opportunities in firms whose earnings are currently depressed by credit costs but could see a strong earnings rebound as economies recover and credit costs normalise.

Source: Janus Henderson Investors, as at 30 June 2020

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## Fund information

Index	FTSE World Financial Index
Index usage	Target,Comparator

The FTSE World Financials Index is a measure of the combined performance of large and medium sized financial companies from developed and advanced emerging stock markets. It forms the basis of the Fund's performance target and provides a useful comparison against which the Fund's performance can be assessed over time.

Objective	The Fund aims to provide capital growth over the long term.
Performance target	To outperform the FTSE World Financial Index by 2% per annum, before the deduction of charges, over any 5 year period.

## Performance in (GBP)

Performance %	I (Net)	Index	I (Gross)	Target (Gross)
1 month	0.9	2.7	-	-
YTD	-5.1	-14.7	-	-
1 year	-0.4	-11.2	-	-
3 years (annualised)	6.2	0.7	-	-
5 years (annualised)	8.7	7.2	9.9	9.3
10 years (annualised)	9.3	8.7	10.5	10.9
Since inception (annualised)	10.3	4.6	11.5	6.7

Source: at 30 Jun 2020. © 2020 Morningstar. All rights reserved, performance is with gross income reinvested. Performance/performance target related data will display only where relevant to the share class inception date and annualised target time period.

Discrete year performance %	I (Net)	Index	I (Gross)	Target (Gross)
30 Jun 2019 to 30 Jun 2020	-0.4	-11.2	0.7	-9.4
30 Jun 2018 to 30 Jun 2019	11.1	9.7	12.2	11.9
30 Jun 2017 to 30 Jun 2018	8.2	4.8	9.4	6.9
30 Jun 2016 to 30 Jun 2017	28.8	34.8	30.2	37.5
30 Jun 2015 to 30 Jun 2016	-1.6	2.9	-0.6	5.0

Source: at 30 Jun 2020. © 2020 Morningstar. All rights reserved, performance is with gross income reinvested. Discrete performance data may change due to final dividend information being received after quarter end.

Source for target returns (where applicable) – Janus Henderson. Where quartiles are shown, 1st quartile means the share class is ranked in the top 25% of share classes in its sector.

Please note the performance target is to be achieved over a specific annualised time period. Refer to the performance target wording within the objective.

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**Past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.**

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## Important information

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